

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
GTE CORPORATION,)	
)	
Transferor,)	File No.
)	
and)	
)	
Bell Atlantic Corporation,)	
)	
Transferee.)	
)	
For Consent to Transfer of Control)	

DECLARATION OF JOHN T. CURRAN

1. I am the Chief Technical Officer for GTE Internetworking, formerly BBN. BBN was an early leader in the Internet's development and the provision of Internet services. Currently, GTE Internetworking provides a host of Internet-related services -- including dedicated and dial-up Internet connectivity to business and consumer customers, and Web hosting and security services -- and operates a national Internet backbone network. I have been closely involved in the Internet's development since its commercialization and am personally familiar with both the commercial and technical aspects of the Internet business. I make this Declaration in support of GTE and Bell Atlantic's statement that their merger will serve the public interest.

2. GTE's merger with Bell Atlantic will create substantial pro-competitive benefits in the markets for Internet and advanced data services. By affording GTE access to Bell Atlantic's concentrated Northeast customer base, the merger will allow GTE to introduce a host of new

Internet services, and a broader range of advanced data services, to customers across the United States. GTE's introduction of these new services will spur other competitors to do the same, resulting in lower prices and a broader range of options for both business and consumer customers. Currently, GTEI is a distant fourth-placed competitor in the national market for Internet backbone service behind three much larger backbone providers -- WorldCom, Cable & Wireless (as successor to the spun-off internetMCI), and Sprint. AT&T is also a growing force in the Internet backbone market. Internet backbone providers are firms that provide ubiquitous connectivity to the Internet through a full set of peering relationships with other national backbone providers. The merger with Bell Atlantic will allow GTEI to expand its backbone customer base using Bell Atlantic's extensive marketing and distribution networks in the Northeast. This, in turn, will help GTEI remain competitive in the Internet backbone market and will assure that consumers continue to have a broad range of choices among backbone providers. These gains will all be achieved without risking any injury to competition; currently, Bell Atlantic operates only as a local Internet Service Provider in a highly competitive market that has between 4,000 and 6,000 other participants.

3. GTE's merger with Bell Atlantic will allow the combined company to offer a broad range of new Internet services. GTE's current footprint for local telephone service -- the customers to which GTE can market using its own distribution channels -- is spread out across the United States and primarily comprises rural and suburban areas. This customer base is not sufficiently concentrated to support the rapid introduction of many new Internet services that require substantial up-front investments in equipment and facilities, because it does not afford GTE marketing opportunities broad enough to recoup its expenditures or the minimum customer

density required to justify the capital investment. Lacking established customer relationships and marketing and distribution channels outside of its footprint -- and the corresponding ability to recover fixed costs quickly and to begin rapidly to operate at an efficient scale in out-of-franchise markets -- GTEI suffers a distinct disadvantage when attempting to roll out new services that require large up-front investments. For example, GTEI currently has no major Web hosting center in New York, despite the fact that many of the largest potential hosting customers have offices in that city. Because GTE has limited marketing or distribution capabilities in New York, GTEI has little prospect of recovering the substantial fixed investment necessary to bring a major hosting center to that market.

4. The merger will fill this gap in GTEI's marketing and distribution channels, allowing the new company post-merger to provide a host of new services -- many of which GTE has already developed or begun to develop. For example:

- **Cyber-ID** is a service that allows customers to direct the flow of incoming calls when using their phone-line to connect to a dial-up ISP. When a call comes in, a dialog box appears on the user's screen that gives him the option of routing the call to voice-mail, diverting the call to a second line, giving the caller a busy signal, or patching the call through using a voice-over-IP connection. GTE cannot currently deploy this service outside of a few markets because the necessary equipment investment cannot be recovered by marketing Cyber-ID to GTE's widely distributed customer base. This investment could be recouped readily, however, if GTE could market this service to Bell Atlantic's customers in the Northeast.
- **Site Patrol** is a security service that allows business customers to protect their Internet connections from hackers. GTE currently provides this service only to large businesses because it requires installing a \$30,000 piece of equipment on the customer's premises. The same service could be provided far more broadly (and less expensively per customer) by utilizing sophisticated firewall capabilities available in certain commercial servers. But, again, the costs associated with deploying the service using these firewall capabilities cannot be justified unless Site Patrol can be marketed to a concentrated base of business customers, such as Bell Atlantic's.

- **Universal Messaging** is a service that allows customers to have voice, fax, and e-mail messages all sent to a single computer-accessible mailbox. Again, the capital expenditures needed to provide this service cannot be recovered unless it is marketed to a large, concentrated customer set.

5. The day GTE's merger with Bell Atlantic is consummated, these new services, along with a host of others, could be brought to market in the Northeast and in markets nationwide where subsidiaries or affiliates of Bell Atlantic's large business customers have offices. GTE's entry into these new lines of business would be a tremendous spur to competition because other Internet backbone providers, to keep their offerings competitive, would also have to provide these services. The end result will be more choices and lower prices for consumers.

6. Likewise, GTE's merger with Bell Atlantic will allow it to bring advanced data services -- like Frame Relay and ATM -- to many more cities both inside and outside the Northeast. GTE is in the process of building a national network, called the "Global Network Infrastructure," or "GNI." This network, which GTE plans to use to provide advanced data services, will have touch-down points only in those cities where GTE has the prospect of serving enough customers to recoup its investment in a point of presence. Given GTE's weak marketing and distribution channels in the Northeast, GTE on its own will not be able to provide data services to many large geographic markets like Providence, Philadelphia, and Baltimore. By affording GTE access to Bell Atlantic's marketing and distribution channels, the merger will allow GTE to bring advanced data services to many new Northeast locales -- and to locations outside of the Northeast that exchange significant amounts of traffic with Bell Atlantic customers. Currently, these services are provided on a nationwide basis only by the big three interexchange carriers. GTE's merger with Bell Atlantic will therefore inject much needed competition into a

highly concentrated market.

7. The merger will also assure that the market for Internet backbone service does not fall prey to dominance by a single mega-backbone. The Internet is a competitive network of networks. At its core, the Internet's operation depends upon the cooperative interchange of traffic among numerous interconnected national backbone networks. Thanks to the work done by the Commission, the Department of Justice, and the European Commission in connection with the WorldCom-MCI merger, none of the leading backbones can currently operate successfully without maintaining quality interconnection with all of the other leading national backbones. Because of the explosive growth in traffic across the Internet, all Internet backbone providers today have a keen incentive to cooperate through bilateral peering arrangements to continually upgrade the capacity of interconnection. But if any one network were to become substantially larger than all of its competitors, such as through a large acquisition (as would have happened had MCI not been required to divest its Internet business before merging with WorldCom), that network could lose the incentive to upgrade its interconnections with other backbones. Such a change in incentives would threaten the healthy competitive process that exists today on the Internet.

8. GTE's merger with Bell Atlantic will help assure that no one Internet backbone provider gains such an anticompetitive position. GTEI is currently the fourth largest Internet backbone provider, and is significantly smaller than its three larger competitors -- UUNet, internetMCI/Cable & Wireless, and Sprint. By affording GTEI access to Bell Atlantic's customer-base, as well as Bell Atlantic's well-developed marketing and distribution capabilities, the merger will allow GTEI to compete more effectively in the Northeast's rich business and

consumer markets. This, in turn, will increase the number of valuable Web sites and customers on GTEI's backbone network, which will help maintain the competitive balance on the Internet. By enhancing GTEI's strength in the Internet market, the merger will ensure that customers continue to have a broad range of choices among Internet backbone providers.

9. The merger will achieve these substantial pro-competitive gains without risking any injury to competition. Currently, Bell Atlantic operates only as a local Internet Service Provider -- not an Internet backbone provider. This market is highly competitive; according to recent estimates published in *Boardwatch* magazine, between 4,000 and 6,000 other ISPs operate in the United States. The merger will therefore have no impact on competition in the ISP market. It will, however, allow the combined company to achieve major efficiencies in the markets for Internet and data services -- efficiencies that will translate into lower prices and new services for business and consumer customers across the United States.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

John T. Curran